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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1954

No. 696

LEON F. URBAIN AND LOXIT SYSTEMS, INC.,
Petitioners,

vs.

KNAPP BROTHERS MANUFACTURING COMPANY, AL LEVINSON, CHARLES LEVINSON, AND ROBERT LEVINSON,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT.

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TWENTIETH CENTURY PRESS, INC., CHICAGO 6

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT.

Petitioners, Leon F. Urbain and Loxit Systems, Inc., pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Sixth Circuit entered herein on December 1, 1954.

CITATIONS TO OPINIONS BELOW

The opinion of the Court of Appeals, printed in the Appendix B hereto, p. 12, is reported in 217 F. 2d 810 and in 103 U.S.P.Q. 337.

JURISDICTION

The judgment sought to be reviewed is dated December 1, 1954 and was entered on that date. (R. 51)[1] p. 25, *infra.*

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1. The record references throughout this petition cite the pages of the transcript of record by the number inserted in ink at the top of each page.

The order of the Court of Appeals denying a rehearing is dated February 18, 1955. (R. 83) The jurisdiction of this Court is invoked under Title 28, United States Code, Sec. 1254(1).

QUESTIONS PRESENTED

1. Whether the District Court in Ohio had the power or authority to enjoin petitioners from prosecuting an action in the District Court in Illinois, in which petitioners are plaintiffs but to which suit respondents are not parties?

2. Whether, if it be assumed that the District Court in Ohio had the necessary power or authority, that Court abused its discretion in enjoining petitioners from prosecuting an action in the District Court in Illinois, in which petitioners are plaintiffs but to which suit respondents are not parties?

3. Whether the District Court pursuant to the mandate of Rule 65(c) of the Federal Rules of Civil Procedure, should have required the giving of security by respondents for the payment of such costs and damages as may be incurred or suffered by petitioners if they are found to have been wrongfully enjoined or restrained, as a prerequisite to the issuance of an injunction enjoining petitioners from further prosecuting a civil action in another District Court?

4. Whether the District Court had the right to issue the preliminary injunction enjoining petitioners from further prosecuting a civil action in another District Court without setting forth the findings of fact and conclusions of law which constituted the grounds of its action as required by Rule 52 of the Federal Rules of Civil Procedure?

5. Whether the District Court was in error in failing to set forth in its order granting the injunction enjoining

petitioners from further prosecuting a civil action in another District Court the reasons for the issuance of the order as required by Rule 65(d) of the Federal Rules of Civil Procedure?

REGULATIONS INVOLVED

The regulations involved are Federal Rules of Civil Procedure Rules 52, 65 (e) and 65(d), 28 U. S. C. A. They are printed in Appendix A, *infra*, p. 10, 11.

STATEMENT

Petitioners brought this action on February 2, 1953 charging respondents with infringement of United States Letters Patent No. 2,319,278 and No. 2,338,146. (R. 10) The jurisdiction of the District Court was invoked under the patent laws of the United States (R. 11)

On February 3, 1953, the day after that on which this action was filed, petitioners filed a complaint in the District Court for the Northern District of Illinois, Eastern Division, charging Claridge Equipment Company, Kenneth J. Preble, James M. Jecmen and James M. Jecmen, Jr. with infringement of the same two United States Letters Patent. (R. 22) None of the defendants to this latter action are parties to the present suit.

After the issue was joined and various discovery proceedings had, the District Court in Ohio, on October 6, 1953, set the present case for trial on March 22, 1954. (R. 22) Thereafter the District Court in Illinois called a pre-trial conference in the case pending before it to be held on January 5, 1954. (R. 24)

On January 4, 1954 counsel for petitioners, at the request of counsel for respondents in the proceeding in the Northern District of Illinois, joined in a stipulation to

postpone the pre-trial conference for ten days for a purpose stated in the stipulation to be to permit the filing of a petition to intervene by the alleged manufacturer of the articles charged in the complaint to infringe. (R. 24) No such petition to intervene has been filed in the Northern District of Illinois although the pre-trial conference was duly postponed, pursuant to the stipulation, to January 20, 1954. (R. 24)

Before the postponed pre-trial conference could be held, respondent, Knapp Brothers Manufacturing Company, on January 15, 1954 served on counsel for petitioners notice of a motion (R. 22) to be heard on January 25, 1954 accompanied by a sworn statement of an officer of respondent, Knapp Brothers Manufacturing Company, that the facts set forth in this motion were true "to the best of his knowledge and belief." In this motion respondent, Knapp Brothers Manufacturing Company, made representations to the Court to the effect that the defendants in the proceeding in the Northern District of Illinois were its customers and asked the Court to enter an order enjoining and restraining petitioners from proceeding with the trial of the aforesaid action pending in the Northern District of Illinois prior to the trial of this action and prior to the decision of the Court in this action.

Counsel for petitioners presented an affidavit in opposition to this motion (R. 23)asserting that the defendants in the Illinois case offer under their own name the products charged therein to infringe. In a supporting memorandum in opposition to this motion, petitioners called the attention of the Court to the need for respondent to give security for payment of costs and damages before an injunction could issue. After hearing argument and considering memoranda in support of and in opposition to the motion, the Court on January 28, 1954 without rendering

any opinion entered an interlocutory order herein (R. 25) granting the motion of respondent, Knapp Brothers Manufacturing Company, and enjoining and restraining petitioners from proceeding with the trial of the action in the Northern District of Illinois prior to the trial of this action and prior to the decision of the Court herein.

The Court did not require respondent to give security for any costs or damages to be suffered by petitioners. The Court did not set forth any findings of fact or conclusions of law. The order of the Court granting the injunction is devoid of any reasons for its issuance.

The Court below, with one judge dissenting, affirmed the decision of the District Court on the authority of its own unreported per curiam opinion entitled *Snap-On Drawer Company* v. *Honorable John H. Druffel, United States District Judge,* decided February 1, 1951, which was reproduced in appellees' appendix below. (R. 45) The opinion of the majority of the judges of the Court of Appeals states that the Snap-On case is not directly in point but holds it to be applicable in principle. The dissenting judge thought that issues of material facts are raised in the record and that the failure of the District Court to find the facts required reversal. He was also of the opinion that the District Judge was in error in not requiring the giving of security by respondents as required by Rule 65(c), Federal Rules of Civil Procedure.

REASONS FOR GRANTING THE WRIT

1. The decision of the Court below is directly in conflict with decision of the Court of Appeals for the Third Circuit in *Triangle Conduit & Cable Co., Inc.* v. *National Electric Products Corporation,* 138 F. 2d 46, and with that of the Court of Appeals for the Eighth Circuit in *Kryptok Co.* v. *Stead Lens Co.,* 190 Fed. 767. In each of these cases

the District Court at the instance of a defendant manufacturer had enjoined the prosecution of a patent suit against a customer of the manufacturer and in each the Court of Appeals set aside the injunction. In contrast in the instant case the Court of Appeals affirmed the action of the District Court in enjoining the petitioners from prosecuting a patent infringement suit against alleged customers of respondent.

It is well established as set forth in *Triangle Conduit & Cable Co., Inc.* v. *National Electric Products Corporation*, supra, that a United States District Court has no right to enjoin prosecution of a suit in another United States district court unless it involves both the same issues and the same parties. Furthermore, as pointed out in the *Triangle* case, it is established by *Birdsell* v. *Shaliol*, 112 U.S. 485, that the cause of action of a patent owner against one who resells a product purchased from an infringing manufacturer is separate and independent from the patent owner's cause of action against the manufacturer. Nevertheless, the Court below approved the action of the District Court in enjoining the prosecution of a cause of action against an alleged customer of respondent in another District Court which, as the Court below recognized, does not involve the same parties.

Moreover, if the facts were, as the Court of Appeals assumed, that the issues in the instant case are identical with those in the case in Illinois and that respondent has taken over the defense of the Illinois case and agreed to indemnify the defendants therein against all loss and damage, then the decision of the court below is in direct conflict with the decision of the Court of Appeals for the Third Circuit in *Kerotest Mfg. Co.* v. *C-O-Two Fire Equipment Co.*, 189 F. 2d 31. If the facts were as assumed by the court below then it is clear that only in the Illinois case can all of the

issues be fought to a finish. Accordingly, the court below in approving the action of the District Court in enjoining the prosecution of the case in Illinois has approved a holding of the District Court herein which is essentially the same as the holding which the Court of Appeals for the Third Circuit reversed in the *Kerotest* case.

2. The decision of the court below is in conflict with applicable decisions of this Court in *Mathews et al.* v. *Rodgers et al.*, 284 U.S. 521 and in *Kerotest Manufacturing Co.* v. *C-O-Two Fire Equipment Co.*, 342 U.S. 180. The former decision sets out clearly at p. 530-1 that the power to prevent multiplicity of suits extends only to suits involving the same parties and the same issues of law or fact and does not extend to cases where there are numerous parties plaintiff or defendant and the issues between them and the adverse party are not necessarily identical. The decision of the court below is in direct conflict with this holding since it approves extension of the power to cases in which the parties are not the same. Furthermore, if the facts be as the court below assumed, the decision of the court below is in conflict with the decision of this Court in the *Kerotest* case, which affirmed the decision of the Court of Appeals for the Third Circuit.

3. The Court of Appeals in the instant case has so far sanctioned departures by the District Court from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's power of supervision. In addition to approving the assertion by the District Court of a power which it lacks to enjoin the prosecution of a suit in another district court not involving the same parties, the Court of Appeals sanctioned disregard by the District Court of specific provisions of Rules 52, 65(c) and 65(d) of the Federal Rules of Civil Procedure. The District Court ignored the requirement of Rule 52 that it must

set forth its findings of fact and conclusions of law. The District Court refused to require the giving of security by respondent as required by Rule 65(c). The District Court made no attempt to comply with the requirement of Rule 65(d) that every order granting an injunction shall set forth the reasons for its issuance. (R. 25) Each of these departures by the District Court was sanctioned by the majority of the judges sitting in the Court of Appeals in affirming the judgment of the District Court although the dissenting Judge was of the opinion that there was error in the failure of the District Court to find the facts and error in the failure of the District Court to require the giving of security.

4. The case presents a question of importance as to the power or authority of one district court to enjoin the prosecution of a suit in another district court where the parties are not the same. It also presents questions of importance as to the obligation of the lower courts to comply with the requirements of the Federal Rules of Civil Procedure.

Settlement of the questions presented is plainly in the public interest. The District Court below has rejected the well established equitable principle that a district court can enjoin a suit in another district court only when the parties are the same in the two suits and the Court of Appeals has sanctioned this rejection of an established equitable principle. If the decision below is allowed to stand a person whose rights are invaded by multiple or joint tort feasors living in different Federal judicial districts will find himself unable to proceed concurrently against all, at least if one happens to be found in the Sixth Circuit. More specifically, a patent owner will be forced to prosecute multiple infringers in different districts seriatim instead of concurrently on the mere allegation by one defendant that the other is his customer even though a judgment against

the one defendant will have no binding effect on the alleged customer. This can only have the effect of prolonging rather than speeding litigation.

It is likewise in the public interest that the Federal Rules of Civil Procedure be observed. These rules which were formulated to aid in the just, speedy and inexpensive determination of every action can hardly serve this purpose if they are not faithfully observed by the district courts.

CONCLUSION

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

CURTIS F. PRANGLEY,

MARK H. CLAYTON,

Counsel for Petitioners.

April 1, 1955.

APPENDIX A—REGULATIONS

Federal Rules of Civil Procedure, 28 U.S.C.A.

RULE 52

FINDINGS BY THE COURT

a. EFFECT. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon and direct the entry of the appropriate judgment; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b). (Amended, effective March 19, 1948; see 10 Fed. Rules Serv. cxiii.)

b. AMENDMENT. Upon motion of a party made not later than 10 days after entry of judgment the court may amend its findings or make additional findings and may amend the judgment accordingly. The motion may be made with a motion for a new trial pursuant to Rule 59. When findings of fact are made in actions tried by the court without a jury, the question of the sufficiency of the evidence to support the findings may thereafter be raised whether or not the party raising the question has made in the district

court an objection to such findings or has made a motion to amend them or a motion for judgment.

RULE 65

c. SECURITY. No restraining order or preliminary injunction shall issue except upon the giving of security by the applicant, in such sum as the court deems proper, for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained. No such security shall be required of the United States or of an officer or agency thereof.

A surety upon a bond or undertaking under this rule submits himself to the jurisdiction of the court and irrevocably appoints the clerk of the court as his agent upon whom any papers affecting his liability on the bond or undertaking may be served. His liability may be enforced on motion without the necessity of an independent action. The motion and such notice of the motion as the court prescribes may be served on the clerk of the court who shall forthwith mail copies to the persons giving the security if their addresses are known. (Paragraph added, effective March 19, 1948; see 10 Fed. Rules Serv. cxxiii.)

d. FORM AND SCOPE OF INJUNCTION OR RESTRAINING ORDER. Every order granting an injunction and every restraining order shall set forth the reasons for its issuance; shall be specific in terms; shall describe in reasonable detail, and not by reference to the complaint or other document, the act or acts sought to be restrained; and is binding only upon the parties to the action, their officers, agents, servants, employees, and attorneys, and upon those persons in active concert or participation with them who receive actual notice of the order by personal service or otherwise.

APPENDIX B

Opinion and Judgment Below

(Filed Dec. 1, 1954. Carl W. Reuss, Clerk)

No. 12155

UNITED STATES COURT OF APPEALS

For the Sixth Circuit

LEON F. URBAIN and LOXIT SYSTEMS, INC.,
Appellants,
v.
KNAPP BROTHERS MANUFACTURING COMPANY, AL LEVINSON, CHARLES LEVINSON, and ROBERT LEVINSON,
Appellees.

APPEAL from the United States District Court for the Southern District of Ohio, Western Division.

Decided December 1, 1954.

Before MARTIN, MCALLISTER and MILLER, Circuit Judges.

MARTIN, Circuit Judge. The appellants—Leon F. Urbain, an individual residing in Chicago, and Loxit Systems, Inc., an Illinois corporation—filed on February 2, 1953, a complaint in the United States District Court for Southern Ohio against appellees—Knapp Brothers Manufacturing Company, an Ohio corporation, and Al Levinson and his two sons, Charles and Robert, as controlling stockholders of the corporation. Urbain, as sole owner, and Loxit Systems, Inc., as exclusive licensee of Letters Patent 2,319,278 and 2,338,146, sought to enjoin appellees from infringing such patents and from manufacturing, using, selling, ad-

vertising, distributing, or displaying board constructions and chalk troughs in infringement or threatened infringement of the patents.

Appellees filed an answer and a counterclaim for declaratory judgment attacking the validity of the patent claims and seeking against appellants a permanent injunction from asserting that the display board constructions and chalk troughs manufactured by appellees infringed appellants' patents, or that the Letters Patent covered validly the constructions manufactured or sold by appellees; and from filing or threatening to file suit against any of their suppliers, customers, or prospective customers. Appellees prayed further for declaratory judgment that each of the Letters Patent is invalid and not infringed by the manufactured products of appellees.

Appellants traversed the material allegations of appellees' counterclaim for declaratory judgment.

On January 15, 1954, the appellee corporation filed under oath of its vice-president a motion for an order restraining the plaintiffs-appellants from prosecuting a companion action in the United States District Court for the Northern District of Illinois. This sworn motion averred that, on February 3, 1953 (one day after the present action was filed in the Southern District of Ohio), the appellants brought a second suit in the Northern District of Illinois naming as defendants therein the Claridge Equipment Company, and individuals Preble, Jeeman, and Jeeman, Junior; that the Illinois suit charged infringement of patents identical with those charged in the instant action to be infringed; that the Claridge Equipment Company is a distributor of the challenged products of appellees; that the three named individual defendants are officers of the Claridge Equipment Company; and that the appellee company (Knapp Brothers Manufacturing Company) is advised and believes that the products which are charged to infringe plaintiffs' patents in the suit in the Northern District of Illinois were manufactured by this defendant and are identical in nature with those charged to infringe in this action;

that accordingly the issues in the two cases are identical; and that this defendant, by an instrument in writing, has assumed the defense of the Chicago suit and has agreed to indemnify the defendants therein from all loss and damage.

The motion averred further that the case had been formally set for trial on March 22, 1954, in the United States District Court for the Southern District of Ohio; but that, despite this fact, appellants have threatened to have the action pending in the Northern District of Illinois set for trial prior to March 22, and have threatened to try that case, notwithstanding the fact that the instant action is entitled to precedence both by reason of its earlier filing and by reason of the fact that it is directed against the manufacturer of the alleged infringing products. The motion then prayed for a court order enjoining appellants and all in privity with them "from proceeding with the trial of said action in the Northern District of Illinois prior to the trial of this action and prior to the decision of the court herein."

There appears in the appendix to appellees' brief a copy of the indemnity agreement in the language set out in the margin.[1]

The appendix to appellants' brief includes an affidavit of one of the attorneys for appellants, as set forth in the

[1] "Indemnification Agreement. For considerations received and hereby acknowledged, the undersigned Knapp Brothers Manufacturing Company of Cincinnati, Ohio, hereby agrees to protect, defend, hold harmless and indemnify CLARIDGE EQUIPMENT COMPANY, an Illinois Corporation doing business in Cicero, Illinois, JOHN J. JECMEN of Riverside, Illinois, JAMES M. JECMEN, JR., of Cicero, Illinois, and KENNETH J. PREBLE of Western Springs, Illinois, their agents, dealers, customers and users against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses and attorneys' fees arising out of any alleged infringement of Urbain patents Nos. 2,319,278 and 2,338,146 or either of them or any other patent by reason of the sale or use of any chalk board trim, equipment or accessories purchased from the undersigned, provided the undersigned is notified promptly of any such charge made or suit filed against said Claridge Equipment Company, John J. Jecmen, James M. Jecmen, Jr., and Kenneth J. Preble, or any of them or their dealers, customers or users selling or using such trim, equipment or accessories, and provided further that no compromise of any such suit or claim is made without the written consent of the undersigned."

The agreement is signed: "Knapp Brothers Manufacturing Company, by Chas. B. Levinson, President." It is attested: "Robert Levinson, Secretary."

margin.[2] We deem this affidavit of no guidance toward correct determination of the decisive issue.

After a hearing on the motion of appellants for injunction, as aforesaid, the district court entered an order declaring that the motion was well taken and should be

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2 "Affidavit (filed January 25, 1954).

"State of Illinois }
"County of Cook } ss

"CURTIS F. PRANGLEY, being duly sworn, deposes and says:

"That he is a member of the Bar of the State of Illinois, of the District of Columbia, of the United States District Court for the Northern District of Illinois, United States Court of Appeals for the Seventh Circuit, of the Court of Customs and Patent Appeals and of the Supreme Court of the United States, and that he represents Leon F. Urbain and Loxit Systems, Inc., the plaintiffs in the above entitled proceeding.

"That he is informed and believes that the Claridge Equipment Company which is a defendant in an action instituted in the United States District Court for the Northern District of Illinois, Eastern Division, on or about February 3, 1953, by the co-plaintiffs named in the above entitled proceeding, and now pending, offers the products which, in the aforesaid proceeding in Illinois, are charged to infringe the patents of said co-plaintiffs, under its own identifications and advertises said products in literature which purports to be literature of said Claridge Equipment Company and which does not indicate that any of the products shown therein are manufactured by the defendants named in the above entitled proceeding;

"That in the aforesaid proceeding now pending in Illinois a pretrial conference was called for January 5, 1954 but at the request of counsel for defendants was postponed to January 20, 1954 to permit the filing of a petition to intervene by the alleged manufacturer of the articles charged in the complaint in said proceeding to be infringement of the plaintiff's patents;

"That counsel for defendants in said proceeding now pending in Illinois informed him that the said alleged manufacturer is Knapp Brothers Mfg. Co., one of the defendants named in the above entitled proceeding;

"That no petition by anyone to intervene in said proceeding pending in Illinois has been served on counsel for plaintiffs therein up to the date hereof;

"That a pretrial conference was held in said proceeding pending in Illinois on January 20, 1954 by the judge to whom said case is assigned and continued to February 3, 1954;

"That the Court stated at said pretrial conference that he would be ready to try the case by the middle of March, 1954;

"That defendants in the above entitled proceeding have not produced for the inspection of the Judge before whom said case is pending or of counsel for plaintiffs therein any instrument in writing in which defendants in the above entitled proceeding assume the defense of the said proceeding pending in Illinois and agree to indemnify the defendants therein from all loss and damage; and

"That the above entitled proceeding is not, for any reason, entitled to precedence over said proceeding pending in Illinois;

"Further deponent saith not.

"/s/ CURTIS F. PRANGLEY."

The affidavit is subscribed and sworn to on the 22nd day of January, 1954, by Bernice Nevin, a Notary Public, whose Seal appears.

granted. Appellants were enjoined and restrained from proceeding with the trial of the action in the Northern District of Illinois prior to the trial of the instant action and prior to the decision of the United States District Court for Southern Ohio. Unfortunately, the United States District Judge wrote no opinion and did not file any findings of fact or conclusions of law.

1. Appellants say first that the United States District Court for the Southern District of Ohio had no right to enjoin appellants, as ordered, from prosecuting their civil action against the Claridge Equipment Company, et al., in the United States District Court for the Northern District of Illinois. They point out that while the plaintiffs in both actions are identical, the defendants are not; that infringement by different parties is charged in the two suits; and that it has not been established that the defendants in the Illinois case are distributors of the products of the appellees, or that appellees have undertaken the defense of the proceeding in the Northern District of Illinois. The opinion in *Triangle Conduit & Cable Co.* v. *National Electric Products Corporation*, 138 F. (2d) 46, 48 (C. A. 3), is presented as authority for the proposition that a United States District Court should not enjoin the prosecution of a later proceeding instituted in another United States District Court, unless the controversy in each court involves the same issues and *the same parties.* The Court of Appeals stated: "It is well settled that a patent owner has a cause of action, separate and independent from that against an infringing manufacturer, to recover profits and damages and to restrain one who resells a product which he purchased from an infringing manufacturer."

Appellants contend that the decision of the United States Supreme Court in *Kerotest Manufacturing Co.* v. *C-O-Two Fire Equipment Co.*, 342 U. S. 180, does not modify or impair the authority of the *Triangle* case just cited or of the earlier *Triangle* case reported in 125 F. (2d) 1008 (C. A. 3), to which reference is made in a footnote (342 U. S. 184). The writer of the opinion in the *Kerotest* case pointed out that wise judicial administration in the "conservation of

judicial resources and comprehensive disposition of litigation, does not counsel rigid mechanical solution" of complicated problems resulting from the initiation of litigation by different parties to many-sided transactions; and that the factors relevant to wise administration being equitable in nature, "an ample degree of discretion, appropriate for disciplined and experienced judges, must be left to the lower courts." The Supreme Court held that a manufacturer who is charged with infringement of a patent is not privileged to stretch the Federal Declaratory Judgment Act to give him a paramount right to choose the forum for trying out questions of infringement and validity.

Kryjtok Co. v. *Stead Lens Co.*, 190 F. 767 (C. A. 8), is also cited by appellants. The holding there was that the owner of a patent could not properly be enjoined from prosecuting an action already commenced against a retailer, or from instituting other actions of like character, where he had sued a manufacturer for infringement of his patent. Judge Sanborn stated, however, that where a judge has not substituted his arbitrary, whimsical will for sound judicial discretion, informed and guided by established principles, rules and practice of equity jurisprudence, his orders granting injunctions may not be reversed without clear proof of an abuse of his discretion.

Appellants cite *Advance Transformer Co.* v. *Bromberg*, 106 F. Supp. 691 (N. D. Ill.), where a motion for stay of proceedings in another district was denied for the reason that the same parties were not involved in both actions and upon the principle that a cause of action of a patent owner against an infringing manufacturer is wholly separate and distinct from his cause of action against one who resells the infringing product.

In rejoinder to appellants' argument upon the proposition under discussion, the appellees assert that appellants, though residents of Illinois, voluntarily chose the Ohio District Court as their first forum by filing their suit there before they instituted their action in Illinois. Numerous steps have been taken in the Ohio court and extensive hearings on various motions have been afforded. The Ohio suit

had been set for trial on March 15, 1954, and except for this appeal the action in Ohio doubtless would have been tried before now and probably decided. It is emphasized by appellees that Claridge Equipment Company, as shown by the affidavit of the Vice-President of Knapp Brothers Manufacturing Company, is a distributor of products of appellees which are charged to infringe appellants' patents. These products were manufactured by appellees and are identical in nature with those charged in the instant action to infringe appellants' patents. The issues in the two cases are, therefore, said to be identical and the appellee corporation has, as shown by the foregoing affidavit, assumed in writing to defend the Chicago action and has agreed to indemnify defendants therein from all loss and damage. Appellees insist that, while this indemnity agreement was not formally offered in evidence at the hearing of its motion for injunction, the existence of the agreement was recited in the verified motion; and that if appellants had called for it, the document would have been produced. The appellee corporation states in its brief that it "frankly and formally acknowledges that it is defending the Illinois case and that it is responsible for any damages which may be awarded therein." The appellees give as their reason for applying for the injunction restraining appellants from further action in the Illinois case the circumstance that the United States District Judge in that jurisdiction expressed in pre-trial discussions his intention of setting the Illinois case for trial near the time already set for the trial of the Ohio case. The Ohio setting had been known for several months.

Appellees contend that the action of the Ohio District Judge in enjoining appellants from proceeding in Illinois is supported by five factors: (1) the imminent and fixed trial date of the Ohio case; (2) the fact that this case was completely at issue following extensive pre-trial procedure; (3) the Ohio case will be determinative of the entire controversy [*Kessler* v. *Eldred*, 206 U. S. 285]; (4) the Ohio case was the first filed; and (5) the Ohio jurisdiction was voluntarily chosen by appellants.

Appellees contend that the philosophy of the *Kerotest* case, supra, (342 U. S. 180), clearly justifies the exercise of the sound discretion manifested by the District Judge in issuing an injunctive order in the instant controversy. Appellees insist that the facts of *Kerotest* are quite similar to those found here and would be practically identical, as is conceded by appellants, if the appellees had formally intervened in the Illinois case. Though deemed by them unnecessary, appellees agree to intervene in the Illinois suit should this court consider it necessary that such course be pursued. They argue that, in matters involving priority of hearing date, courts of review should not interfere with the discretion of a trial court if soundly exercised.

Appellees are firm in their position that this court has already decided the instant issue favorably to them in an unreported *per curiam* opinion in Case No. 11,178 entitled *Snap-On Drawer Company* v. *Honorable John H. Druffel, United States District Judge,* decided February 1, 1951. See subsequent denial of petition for mandamus in *Snap-On Drawer Co.* v. *Druffel, United States District Judge,* 341 U. S. 938.

In the *Snap-On* case, this court held it to be within the sound discretion of the District Judge to stay proceedings in his court to await determination by another District Court of the United States of similar issues there involved. The case came to this court on a petition for writ of mandamus, prayed to be directed to the United States District Judge to vacate his order staying the proceedings. The petitioner, while not a formal party to the proceeding in the other district, was "in privity with the defendants therein." It was stated by our court that the granting of a declaratory judgment—where, in the case pending in the other court some, if not all, of the issues could be decided—fell within the sound discretion of the court to which the application for stay of proceedings was presented. The *per curiam* pointed out further that the relief sought was precluded by Civil Procedure Rule 81(b); that there was pending an appeal from the order of the United States District Court denying petitioner's motion for an inter-

locutory injunction, decision upon which would require determination of some of the issues involved in the suit in the District Court; and that mandamus may not be substituted for appeal. *Roche, United States District Judge, et al.* v. *Evaporated Milk Association, et al.*, 319 U. S. 21, 25.

While the *Snap-On* case is not directly in point, we consider it applicable in principle, inasmuch as the granting of the injunction here rests upon the same reasoning applied there: that it falls within the sound discretion of the District Court to stay proceedings in another district, where the separate defendants are in privity and the plaintiffs and the issues are identical, even though all the parties in each of the two actions are not the same. If the plaintiffs in the cases are identical and the defendants in one case *are in privity* with those in the other, even though not formal parties, the District Court which first obtains jurisdiction has the right, in our judgment, to enjoin proceedings brought later in another district, especially when numerous steps have been taken in the court whose jurisdiction was first invoked.

Appellants make the point that the indemnity agreement was not formally offered in evidence in the District Court and was not shown their attorney. We think that this is hypercritical, inasmuch as the sworn motion of appellees asserted that they had agreed to defend the Claridge Equipment Company and the individual defendants in the Illinois case and to indemnify them from all loss and damage. Had the appellants entertained doubt of the existence of such agreement, they could easily have demanded its production. Having failed to do so, they are not in position to question the document in the present posture of the case.

2. Appellants insist that the trial court had no right to issue the preliminary injunction herein granted, without requiring appellees to give securiy for payment of costs and damages should any be incurred by appellants in consequence of their wrongful restraint. They point to Civil Procedure Rule 65(c): "No restraining order or preliminary injunction shall issue except upon the giving of security by the applicant, in such sum as the court deems

proper, for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained. . . ."

In *Hopkins* v. *Wallin*, 179 F. (2d) 136 (C. A. 3), cited by appellants, the opinion would seem to indicate that the injunctive order was vacated and the cause remanded for other reasons than the violation of Rule 65(c). But, regardless of this, we are of opinion that the failure of the District Court to require the prescribed security before issuing the restraining order is not reversible error. The rule leaves it to the District Judge to order the giving of security *in such sum as the court considers proper*. This would indicate plainly that the matter of requiring security in each case rests in the discretion of the District Judge. Moreover, in the circumstances encountered here, it would appear that no material damage will ensue to appellants from the failure of the District Judge to require bond of appellees.

3. Finally, appellants urge that the District Court had no right to issue the interlocutory injunction against appellants, restraining further prosecution of their civil action in the Illinois District, without setting forth findings of fact and conclusions of law constituting the basis for its action. In this failure, the District Court, appellants insist, violated the mandate of Civil Procedure Rule 52(a): "In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon and direct the entry of the appropriate judgment; and in granting or refusing interloctuory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. . . ."

It is true that the Supreme Court said in *Mayo* v. *Canning Co.*, 309 U. S. 310, 316: "It is of the highest importance to a proper review of the action of a court in granting or refusing a preliminary injunction that there should be fair compliance with Rule 52(a) of the Rules of Civil Procedure." See also *Public Service Commission of Wisconsin* v. *Wisconsin Telephone Co.*, 289 U. S. 67; *City of Sumpter* v. *Spur Distributing Co.*, 110 F. (2d) 649 (C. A. 4); *Shan-*

non v. *Retail Clerks, International Protective Ass'n*, 128 F. (2d) 553 (C. A. 7); *Brown* v. *Quinlan*, 138 F. (2d) 228 (C. A. 7); *Boules* v. *Russell Packing Co.*, 140 F. (2d) 354 (C. A. 7); *Sims* v. *Greene*, 161 F. (2d) 87 (C. A. 3); *Bank of Madison* v. *Graber*, 158 F. (2d) 137 (C. A. 7); *Hook* v. *Hook & Ackerman, Inc.*, 213 F. (2d) 122, 130 (C. A. 3).

In most of the authorities just cited, the cases were remanded to the respective district courts for findings of fact. Rather inconsistently, upon the authority of *Rossiter* v. *Vogel*, 148 F. (2d) 292 (C. A. 2), appellants state in their main brief that "a remand of this case to the District Court for findings of fact is not necessary, however, because the undisputed facts are so clearly decisive of the issues raised by this appeal." This would seem to support the position taken by appellees that no issue of fact was presented in the District Court on the hearing of the motion for preliminary injunction. Wherefore, findings of fact were unnecessary. See *Douds* v. *Local 1250, Retail Wholsale Dept. Store Union*, 170 F. (2d) 695, 699 (C. A. 2); *Fontes* v. *Porter*, 156 F. (2d) 956 (C. A. 9); *Thomas* v. *Peyser*, 118 F. (2d) 369, 374 (D. C. App.).

We are in accord with the insistence of appellees that the failure of the District Court to comply with Rule 52(a) in respect of findings of fact does not demand reversal of the correct judgment of the District Court, if a full understanding of the issues could be reached without the aid of findings, even though such findings would have been helpful. Rule 52(a) should not be construed as if it were a law of the Medes and Persians.

We think there is wisdom and sound common sense in the pronouncements in two opinions of the United States Court of Appeals for the District of Columbia concerning noncompliance with Rule 52(a) on appeals. In *Hurwitz* v. *Hurwitz*, 136 F. (2d) 796, 799 (D. C. App.), it was said: "The duty of the trial court to make findings of fact should be strictly followed. But such findings are not a jurisdictional requirement of appeal which this court may not waive. Their purpose is to aid appellate courts in reviewing the decision below. In cases where the record is so clear

that the court does not need the aid of findings it may waive such a defect on the ground that the error is not substantial in the particular case." The judgment of the District Court was affirmed.

The same court, in *Burman* v. *Lenkin Const. Co.*, 149 F. (2d) 827, 828 (D .C. App.), stated: "We have carefully read and considered the entire record, and while we think it is always desirable, on a trial to a judge without a jury, that the facts should be found to aid us in understanding the basis of the decision, we are nevertheless of opinion that here the record considered as a whole does not present a genuine issue as to any material fact—in view of which it would be both a waste of time and a needless expense to send the case back to the District Court for special findings of fact." The judgment was affirmed in the face of the insistence of the appellant that reversible error had been committed by the trial judge in failing to state separately his findings and conclusions in accordance with Rule 52(a).

In *Ginsberg* v. *Royal Ins. Co.*, 179 F. (2d) 152 (C. A. 5), it was stated that the failure of the District Court to make more specific findings of fact upon the issues did not constitute reversible error, although such findings would have been helpful and appropriate.

No reversible error being manifest, the order of the District Court from which this appeal was taken is affirmed.

Miller, Circuit Judge, dissenting. I am unable to agree with the disposition of this case by the majority opinion.

Since the defendants in the two cases are different, the ruling necessarily rests upon the facts (1) that the products sold by the defendant in the Illinois case were manufactured by the appellees in this case and are identical in nature with those involved in this case, and (2) that there is a privity of interest between the defendants in the respective cases. The majority opinion recognizes the necessity of these facts. But there are no findings of fact to that effect by the District Judge, and, in my opinion, the record before us does not warrant us in assuming that those are the facts.

Appellees' verified motion for the injunction states that "this defendant is advised and believes" that fact number one is so. Appellants' counter-affidavit states that the affiant "is informed and believes" that the Illinois defendant offers the products involved in that case "under its own identifications" and that its advertisements of such products "does not indicate that any of the products shown therein are manufactured by the defendants" in the present proceeding. Appellants point to the possibility of the Illinois defendants selling articles not manufactured by the appellees, which would not be identical in nature with those involved in this case. No evidence was offered by the parties or heard by the District Judge.

On the question of privity, appellees' verified motion states that "this defendant has, by an instrument in writing, assumed the defense of said Chicago case and has agreed to indemnify the defendants therein from all loss and damage." Appellants' counter-affidavit states that the defendants "have not produced for the inspection of the Judge before whom the case is pending or of counsel for plaintiffs therein any instrument in writing" as claimed by appellees. The indemnity agreement was not offered in evidence, and no testimony was offered or heard concerning it. A printed reproduction of it in appellees' brief in this court does not put it in evidence, or make it a part of the record in this case. There may be several things about it which appellants want to question, including the date of execution, which is not shown, and the authority of the officer signing it to execute such an instrument.

Although appellants' counter-affidavit is not a categorical denial of the facts upon which appellees base their motion, about which the motion admits appellees have no independent knowledge, I think it sufficiently raised the factual issue so as to require the District Judge to at least receive some evidence, documentary or oral testimony, for the purpose of ascertaining what the facts were. It is well settled that a preliminary injunction should not issue unless the trial judge is convinced with reasonable certainty of the applicant's right to it. *Hall Signal Co.* v. *General Ry. Signal*

Co., 153 F. 907, C. A. 2nd; *St. Louis Street Flushing Mach. Co.* v. *Sanitary Street Flushing Mach. Co.*, 161 F. 725, C. A. 8th; *Anargyros & Co.* v. *Anargyros*, 167 F. 753, 769, C. A. 9th; *Wing* v. *Arnold*, 198 F. (2d) 571, 575, U. S. Emergency C. A.

In my opinion, the record before us raises issues of material facts, upon which evidence should have been heard by the District Judge and about which findings were necessary. Rule 52(a), Rules of Civil Procedure. *Public Service Commission* v. *Wisconsin Telephone Co.*, 289 U. S. 67; *Mayo* v. *Canning Co.*, 309 U. S. 310, 316; Compare: *Sartor* v. *Arkansas Gas Corporation*, 321 U. S. 620; *Winnick* v. *Commissioner*, 199 F. (2d) 374, C. A. 6th.

I am also of the opinion that the District Judge was in error in not requiring the giving of security by the appellee as required by Rule 65(c), Rules of Civil Procedure. *Chatz* v. *Freeman*, 204 F. (2d) 764, 768, C. A. 7th; *Hopkins* v. *Wallin*, 179 F. (2d) 136, C. A. 3rd. The continued sale by the Illinois defendants of infringing products for an indefinite time in the future while the present action is being prosecuted to a conclusion, will cause material damage to appellants against which they are entitled to protection. *Yakus* v. *United States*, 321 U. S. 414, 440.

JUDGMENT

(Filed December 1, 1954)

Appeal from the District Court of the United States for the Southern District of Ohio.

This cause came on to be heard on the transcript of the record from the District Court of the United States for the Southern District of Ohio, and was argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the order of the District Court from which this appeal was taken is affirmed.